

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **November 11, 2003**

AGENDA ITEM NO.: 4

CONSENT: **X**

REGULAR:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Business License Tax Refund**

### RECOMMENDATION:

Approve a refund request for overpayment of business license tax by Xpedx for calendar years 2000, 2001, 2002, and 2003. The amount of the refund is \$155,883 with funds to be appropriated from the General Fund Reserve for Contingencies. This amount includes \$127,767 tax and \$28,116 interest.

### SUMMARY:

City of Lynchburg Tax Code §36-126.25 and 36-126.26 imposes a business license tax on wholesale merchants based upon purchases received for sale at a definite place of business in Lynchburg. Only purchases received and shipped from this definite place of business in Lynchburg are taxable. Xpedx, a wholesale merchant with a definite place of business in Lynchburg, reported purchases that were direct shipped to their customers from the manufacturer and therefore were not received and shipped from their location in Lynchburg. They have asked that the business license tax paid on those amounts be refunded. In addition, Code of Virginia §58.1-3916 requires interest to be paid on this overpayment.

PRIOR ACTION(S): Finance Committee, November 4, 2003

### FISCAL IMPACT:

\$155,883 from the FY 2004 General Fund Reserve for Contingencies.

This change will result in an average annual revenue loss of \$30,000 for FY 2004 forward.

### CONTACT(S):

Mitch Nuckles, Commissioner of the Revenue  
847-1594

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

Resolution

BE IT RESOLVED that \$155,883 is hereby appropriated from the General Fund Reserve for Contingencies to refund overpayment of business licenses taxes for 2000, 2001, 2002, and 2003 to Xpedex

Introduced:

Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council

190L